

MARCH 30, 2016**CITY OF GUNNISON COUNCIL
SPECIAL SESSION MEETING MINUTES****7:00 P.M.**

Following a Work Session meeting, the City Council Special Session meeting was called to order at 7:00 P.M., by Mayor Hagan with Councilors Ferguson, Drexel, and Schwartz present along with City Attorney Fogo, Interim City Manager Achen, City Clerk Davidson, Community Development Director Westbay, Finance Director Cowan, Police Chief Robinson, WSCU Liaison Alejandre, several citizens and the press. Councilor Morrison was absent. A Council quorum was present.

MARCH 30, 2016**PUBLIC HEARING****7:00 P.M.**

Mayor Hagan opened the Public Hearing and stated it is 7:00 P.M. on Wednesday, March 30, 2016, in the City Council Chambers of City Hall, 201 W. Virginia Avenue in Gunnison, Colorado. Present at the Public Hearing are myself, Mayor Richard Hagan, City Councilors Stu Ferguson, Robert Drexel, and Matt Schwartz, City Attorney Kathy Fogo, Interim City Manager Mark Achen, City Clerk Gail Davidson, Community Development Director Steve Westbay, Finance Director Ben Cowan, and Police Chief Robinson. The purpose of this public hearing is to receive input on the Gunnison Rising Metropolitan Districts Number 1 through 7 (inclusive) Proposed Service Plan.

Mayor Hagan asked for proof of publication. City Clerk Davidson responded a copy of the proof of publication was included in Council's meeting packet and will be included in the official file of the public hearing. For the Public Hearing official file, she also has the "Affidavit of Mailing Notice of Public Hearing" from the applicants that states notice of the public hearing was mailed to all of the affected property owners in the proposed districts.

Mayor Hagan then called for applicant comments on the proposed Service Plan. He asked them to come forward, state their name and sign in for the record. Kristen Bear and Michael Anderson addressed Council. Ms. Bear reviewed topics from a PowerPoint presentation. (document included in the Public Hearing file) Topics covered included the following: the Service Plan (Plan) was developed by the applicant, staff and Special Counsel and meets all requirements of Title 32, Colorado Revised Statutes and the requirements in the City Code; there are currently over 1,500 special districts in the state; most new developments utilize special districts; the Boundaries of the Districts will be included in the Illustrative Plan of the Gunnison Rising Property and there may be future boundary adjustments as development occurs; boundary adjustments are subject to future City approval; the Plan was first submitted for approval in February 2016 and Council determined the Plan to be in substantial compliance on March 8, 2016; the Public Hearing was set for March 30, 2016 and per City code, notice of the hearing was mailed to property owners and published in the local newspaper; the Plan proposed multiple districts to provide flexibility for phasing of the development and for having differential product types; the service area is 622 acres that currently has an assessed valuation of \$16,055; at projected buildout assessed valuation is \$9,885,000; the initial infrastructure public improvements is \$18,007,000 and it will be installed per City requirements; the Metropolitan Districts operations is subject to City approval but the Districts administration and maintenance operations are not; once the Metro Districts bond debt and financial obligations are met dissolution of the Districts is required; eminent domain can only occur to facilitate public improvements; an annual report is required to be given to the City; and each property purchaser is required to be noticed about the Metro district and that notice is recorded on each property parcel; the Service Plan can only be amended upon notice to the City; Ms. Bear then reviewed the financial authorization of the proposed Service Plan and those items included: as phasing is implemented the debt limitation will be \$3,922,000; bond maturity is limited to 30 year term and bond issuance must occur within 15 years of the initial TABOR election by the district residents and that is anticipated to be in May 2016; the maximum mill levy on residential property is 30 mills for debt and 5 mills for operations/administration for a total aggregate of 35 mills; the maximum mill levy on commercial property is 35 mills for debt and 5 mills for operations/administration for a total aggregate of 40 mills; the Service Plan allows for a one-time development fee of up to \$5,000 on residential property and \$1.00/square foot of commercial property; approval of the Service Plan does not constitute a guarantee for the City to pay any Districts obligations so there is no liability for the City; development within the Districts is installed according to City Standards and adopted regulations; the existing infrastructure on the property is not adequate to service present and future development and no other entities are able or willing to finance those public infrastructure costs; approval of the Service Plan will allow development to pay its own way through the proposed mill levies to generate the needed \$3,081,811; and approval of the Service Plan to organize the proposed Districts will add employment within the City, will increase tax revenues and the public improvements will benefit not only the property owners in the Districts but also other City residents and Western students.

Michael Anderson, Principal in Anderson Analytical, gave an overview of the Revised Financial Plan that is Exhibit G in the Service Plan, which was developed with input from the City's Special Counsel, City Council and City Staff. Items discussed included: the residential mill levy is now at a total of 35 mills for residential property, reflecting 30 mills for debt and 5 mills for maintenance and operations; the mill levy for commercial property is 40 mills, reflecting 35 mills for debt repayment and 5 mills for maintenances and operations; the development fee that is allowed in the City Code is \$5,000 per lot for residential property and \$1.00/square foot for commercial property; the Bonds are Senior Series A Bonds with an average interest rate of 6% and Subordinate Series B Bond with an average interest rate of 8%; both bond types are for up to 30 years terms; the average annual debt service will be \$334,078; the 35 mills for residential property is fairly low compared with other Districts in the state and property taxes are tax deductible; and commercial property owners typically consider paying the higher mill levy property tax as a function of doing business. Mr. Anderson stated he thinks the Plan is sound.

Mayor Hagan then called for City Staff comments and recommendations. City Attorney Fogo provided comments. She stated the City's Special Counsel has recommended approval of the Service Plan. The plan is in compliance with both the State and City Special District Codes. The Council can approve the Plan, deny it or approve it with conditions. The applicants made Staff and Special Counsel's recommended changes to the Plan and the Plan is in good position now. The main issue hanging out is the commercial property mill levy. Director Westbay had nothing to add to the comments.

Mayor Hagan called for Public comment on the Application and asked anyone wishing to give input to step forward, state their name and sign in for the record.

Ralph "Butch" Clark, City resident, addressed Council. Mr. Clark stated he had some comments. The build out on the property is likely to create more jobs. There needs to be a provision for affordable housing for more employees. There will be a major cost in creating the by-pass route around Gunnison. It is tentatively set to cut through the districts and those costs need to be addressed. In a 2007 Gunnison Rising planning report, the need for an upgrade to the existing very high-pressure gas line needs to be made by Excel Energy. It will be a costly project. All users will have to pay. Maybe solar could help with energy issues. The property has some good locations for solar installations. Mr. Clark then stated that this new development could likely trigger other development and more jobs. There will be additional costs elsewhere in the City that should be addressed.

TL Livermore, City resident and downtown business owner, informed Council the metro district seems to be a good funding mechanism for development to pay its own way. Assuming approval, bonds can be issued but if build-out is not as projected, he wants to make sure the City is not on the hook. The bond holders would lose out. He is concerned about the PIF or Credit PIF that the service plan was suggesting. City Attorney Fogo informed Mr. Livermore the applicant is currently not asking for a PIF. That proposal may come back to the City at a later date but it was removed from the Service Plan under consideration. Mr. Livermore wants the City to be protected.

Paula Swenson, county resident and 30-year City business owner, stated that this type of funding mechanism is typical these days. Metro Districts have been used in the County before, such as at Skyland and Prospect, and are successful. The City is covered in the event of a default except for possible infrastructure maintenance.

Mayor Hagan asked if any additional letters, emails or other written comments were received from the public to be entered into the record. City Clerk Davidson stated that no additional written comments were received.

Mayor Hagan asked if there any further comments on the proposed Service Plan. Hearing none, Mayor Hagan closed the Public Hearing at 7:48 P.M. and Council returned to the Special Session meeting.

Possible Action on Resolution No. 3, Series 2016; Re: Approval of Gunnison Rising Metropolitan Districts No. 1 – 7 Service Plan.

Councilor Ferguson introduced Resolution No. 3, Series 2016; and read the resolution by title only. Councilor Ferguson moved and Councilor Drexel seconded the motion that Resolution No. 3, Series 2016; **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, APPROVING THE SERVICE PLAN FOR GUNNISON RISING METROPOLITAN DISTRICT NOS. 1-7**, be introduced, read, passed and adopted this 30th day of March, 2016.

Council discussion ensued. Councilor Schwartz thanked the public for their comments. He informed Mr. Clark that issues like affordable housing is already covered in the Annexation Agreement. The items he had concerns about are not covered in this type of Service Plan. City Attorney Fogo stated that Metro Districts are financing mechanism. Director Westbay stated that the By-Pass route could be included in the future in the 60 foot wide easement reserved in the Annexation Agreement. Funding is not addressed in the Agreement. As far as solar, the City already has some provisions for ensuring solar access on properties and the Electric Enterprise Fund could address solar installations in the future. It is difficult to project what future development will be in response to development at the Gunnison Rising properties.

Councilor Ferguson stated he too wants to ensure the City will have no liability from the Metro Districts. The City's Special Counsel has said the City and its citizens are protected and the Service Plan is fairly benign. He is glad this is a cautious proposal.

Councilor Schwartz expressed concern about the 40 mill levy limit on commercial property. Increased property tax will result and the costs to businesses in those properties will be passed along to the consumer. It will be difficult for local businesses to move into those Gunnison Rising districts. Attorney Fogo stated that the development won't succeed if the costs are too high. Businesses won't locate there if the property taxes are too high. The developer will have to make adjustments to sell property.

Councilor Ferguson stated that over the last year, the valley-wide One Valley Prosperity Project has identified the need for controlled growth. Our currently growth rate is very low and we need a little more to be economically viable. This property creates that opportunity. There's value in the balance.

Mayor Hagan stated his only concern is the timing and rush on this proposal. He appreciates the Attorney's and Staff's time and effort in moving this forward in a timely manner.

Roll call vote, yes: Ferguson, Drexel, Hagan, Schwartz. Motion carried.

Roll call vote, no: None.

Adjournment: Mayor Hagan called for any further discussion on the Special Session agenda items, and hearing none, adjourned the Special Session meeting at 8:02 P.M.

Mayor

City Clerk